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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

PROCESSED  
MAR 19 2004

THOMSON  
FINANCIAL

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
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**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Emerging Markets Securities - DE, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS. (Do not use P.O. Box No.)

**830 Third Avenue**

(No. and Street)

**New York**

**NY**

**10022**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**Ken Mackay**

**(212) 319-4829**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Weinick Sanders Leventhal and Co., LLP**

(Name - if individual, state last, first, middle name)

**1375 Broadway, 16th Floor**

**New York**

**NY**

**10018-7010**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption See Section 240 17a-5(e)(2)

3-18-2004

## OATH OR AFFIRMATION

I, Ken Mackay, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Emerging Markets Securities - DE, LLC, as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

K. I. Mackay  
Signature  
\_\_\_\_\_  
President  
\_\_\_\_\_  
Title

Robert A. Kaiser, Jr.  
Notary Public

ROBERT A. KAISER, JR.  
NOTARY PUBLIC, State of New York  
No. 01KA7140815  
Qualified in New York County  
Commission Expires October 31, 2006.

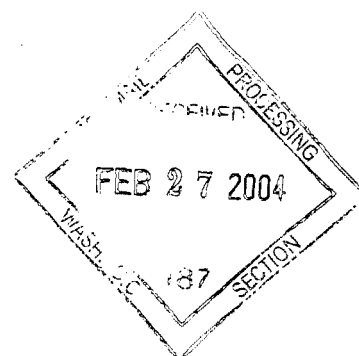
This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Financial Condition~~ Cash Flows.
- ☒ (e) Statement of Changes in ~~Shareholders' Equity or Partners' or Sole Proprietors' Capital~~ Members' Equity.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Supplemental Report of Independent Auditors on Internal Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

EMERGING MARKETS SECURITIES - DE, LLC  
REPORT PURSUANT TO RULE 17a-5(d)

DECEMBER 31, 2003 FEB 27 2004



EMERGING MARKETS SECURITIES - DE, LLC

DECEMBER 31, 2003

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### INDEPENDENT AUDITORS' REPORT

To the Member  
Emerging Markets Securities - DE, LLC  
New York, New York

We have audited the accompanying statement of financial condition of Emerging Markets Securities - DE, LLC, as at December 31, 2003 and the related statements of operations, changes in member's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emerging Markets Securities - DE, LLC as of December 31, 2003 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

New York, New York  
February 9, 2004

EMERGING MARKETS SECURITIES - DE, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

ASSETS

Cash	\$15,666	
Loan Receivable	<u>33,880</u>	
Total assets		<u>\$49,546</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities		\$ -
Member's equity		<u>49,546</u>
Total liabilities and member's equity		<u>\$49,546</u>

The accompanying notes are an integral part of these financial statements.

EMERGING MARKETS SECURITIES - DE, LLC

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2003

Revenues:		
Placement and service fees	\$62,097	
Interest	<u>491</u>	
Total revenues		\$62,588
Expenses:		
Administrative and service fees	47,771	
Professional fees	17,752	
Office	274	
Regulatory	4,609	
Insurance	369	
Sundry	<u>480</u>	
Total expenses		<u>71,255</u>
Net loss		<u>(\$ 8,667)</u>

The accompanying notes are an integral part of these financial statements.

EMERGING MARKETS SECURITIES – DE, LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
YEAR ENDED DECEMBER 31, 2003.

Balance, January 1, 2003	\$58,213
Net loss	( <u>8,667</u> )
Balance, December 31, 2003	<u>\$49,546</u>

The accompanying notes are an integral part of these financial statements.



EMERGING MARKETS SECURITIES - DE, LLC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities:		
Net loss		(\$ 8,667)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase (decrease) in cash flows as a result of changes in asset and liability account balances:		
Service fees receivable	\$15,525	
Accrued expenses	( 7,000)	
Total adjustments		<u>8,525</u>
Net cash used in operating activities		( 142)
Cash flows used in investing activities:		
Loan receivable		( 8,554)
Net decrease in cash		( 8,696)
Cash - January 1, 2003		<u>24,362</u>
Cash - December 31, 2003		<u>\$15,666</u>

The accompanying notes are an integral part of these financial statements.

EMERGING MARKETS SECURITIES - DE, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE 1 - ORGANIZATION.

Emerging Markets Securities - DE, LLC (the 'Company') is a broker dealer registered with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers, Inc. (NASD). The Company engages in a single line of business as a securities broker-dealer, primarily as an introducing broker soliciting and introducing buyers and sellers of trade finance paper and participation interests in trade finance paper. The Company operates under the exemptive provisions of Securities and Exchange Commission Rule 15c3-3(k)(2)(i).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

(a) Basis of Presentation:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Use of Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(c) Placement and Service Fees:

Placement fees are recognized when earned and service fees are recognized on a month-to-month basis.

(d) Income Taxes:

The Company's net income or loss is reported on the member's personal income tax returns. Since the Company operates in New York City, the Company is subject to New York City Unincorporated Business taxes.

**NOTE 3 - LOAN RECEIVABLE.**

The loan receivable balance of \$33,880 is due from an affiliate (an entity controlled by the sole member of the Company). The loan is non interest bearing.

**NOTE 4 - NET CAPITAL REQUIREMENT.**

The Company is a member of NASD, and is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2003, the Company had net capital of \$15,666, which was \$10,666 in excess of its required net capital of \$5,000.

**NOTE 5 - RELATED PARTY TRANSACTIONS.**

The Company has agreements with an affiliate (an entity controlled by the sole member of the Company) whereby the affiliate provides the Company with certain administrative management services. During 2003, the affiliate charged the Company \$35,000 and is included with administrative and service fees in the accompanying statement of operations.

**NOTE 6 - CONCENTRATION OF CREDIT RISK.**

A significant portion of the Company's revenues is derived from transactions with foreign institutions. During 2003, approximately 81% of the Company's revenues were earned from one entity.



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INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION  
REQUIRED BY 17A-5  
OF THE SECURITIES AND EXCHANGE COMMISSION

To the Member  
Emerging Markets Securities - DE, LLC  
New York, New York

Our report on our audit of the basic financial statements of Emerging Markets Securities - DE, LLC for the year ended December 31, 2003 appears on Page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

New York, New York  
February 9, 2004

EMERGING MARKETS SECURITIES – DE, LLC

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2003

Total Members' Equity	\$ 49,546
Deduct nonallowable assets:	
Loan receivable	<u>33,880</u>
Net capital	<u>\$ 15,666</u>
Aggregate indebtedness:	
Accrued expenses	<u>\$ -</u>
Computation of basic net capital requirement:	
Minimum net capital required (greater of 6-2/3% of aggregate indebtedness or \$5,000 minimum dollar net capital)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 10,666</u>
Percentage of aggregate indebtedness to net capital	<u>0.00%</u>

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17a-5, Part IIA filing as of December 31, 2003.



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**SUPPLEMENTAL REPORT OF INDEPENDENT AUDITORS ON  
INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5**

To the Member  
Emerging Markets Securities - DE, LLC  
New York, New York

In planning and performing our audit of the financial statements of EMERGING MARKETS SECURITIES - DE, LLC for the year ended December 31, 2003, we considered its internal control structure, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or "aggregate debits") and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control, and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies, which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and should not be used for any other purpose.

New York, New York  
February 9, 2004